

Message Text

CONFIDENTIAL

PAGE 01 STATE 042820

46

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 STR-04 TRSE-00 AGR-05

ITC-01 L-03 CIAE-00 INR-07 NSAE-00 INRE-00 NSCE-00

NSC-05 EA-07 EUR-12 /058 R

DRAFTED BY EB/OF/FPD:FMCELDFOWNEY:JV

APPROVED BY EB - JULIUS L. KATZ

EB/ORF/OF/FPD-PDTAYLOR

EB/ORF/OF/FPD-JAPLACKE

ARA:SROGERS-

EB JAPLACKE

----- 074863

O R 212033Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE IMMEDIATE

INFO AMEMBASSY PANAMA

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

C O N F I D E N T I A L STATE 042820

E.O. 11652: GDS

TAGS: GDS

SUBJECT: COSTA RICAN MEAT EXPORTS

REF: SAN JOSE 0778

1. IN CARRYING OUT ITS ROLE IN SUPPORT OF NEGOTIATION
OF THE U.S. POSITION IN THE 1976 MEAT IMPORT PROGRAM,
EMBASSY SHOULD BEAR IN MIND FOLLOWING POINTS IN ADDITION
TO THOSE CONTAINED IN BRIEFING MEMO ON MEAT FOR THE
SECRETARY'S VISIT TO COSTA RICA (SEE SEPTTEL BEING REPEATED
SAN JOSE);

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 042820

2. THE DEPARTMENT'S ACTIONS WITH RESPECT TO THE ADMINISTRATION OF THE MEAT IMPORT PROGRAM ARE CONSTRAINED BY THE FOLLOWING:

A. THE REQUIREMENTS OF THE MEAT IMPORT ACT. AMONG OTHER THINGS, THE ACT IMPOSES A CEILING ON IMPORTS, UNLESS WAIVED. THE CEILING WAS WAIVED IN 1972 AND 1973. IT WAS NOT EXCEEDED IN 1974 BECAUSE OF MARKET CONDITIONS. ALSO, THE ACT LIMITS ENTRIES FOR CONSUMPTION INTO THE UNITED STATES.

B. THE PRESIDENT'S DECISION THAT IN THE 1976 PROGRAM THE CEILING SHOULD NOT BE WAIVED. WE ARE TRYING TO NEGOTIATE VOLUNTARY RESTRAINT AGREEMENTS WITH 12 NATIONS. THE ALTERNATIVE IS MORE RESTRICTIVE QUOTAS.

C. THE REQUIREMENTS OF VOLUNTARY RESTRAINT AGREEMENTS. USING THE EXPERIENCE OF PREVIOUS NEGOTIATIONS, WE MUST USE A FORMULA ALL PARTICIPANTS CAN LIVE WITH, AND ABIDE BY THE TERMS OF THE AGREEMENTS ONCE SIGNED.

3. IN RESPONSE TO QUESTIONS RAISED REFTEL (PARAGRAPH NUMBERS IN PARENTHESES REFER TO REFTEL):

A. REGIONAL SHORTFALL REALLOCATIONS (PARA. 4). TWO MAJOR PROGRAM PARTICIPANTS, AUSTRALIA AND NEW ZEALAND, HAVE IN THE PAST EXPRESSED STRONG MISGIVINGS ABOUT THE PROPOSAL. DESPITE SUCH MISGIVINGS, WE HAVE AGAIN TABLED THE PROPOSAL. IT WILL BE DIFFICULT TO NEGOTIATE ACCEPTANCE. ITS SUCCESS SHOULD NOT BE FURTHER ENDANGERED BY ADDING AN ARBITRARY ALLOTMENT OR FORMULA CHANGE.

B. APPEARANCE OF FAVORING DEVELOPING NATIONS (PARA. 5). COUNTRY ALLOCATIONS ARE BASED ON HISTORICAL MARKET SHARES. REALLOCATIONS ARE LIKEWISE DETERMINED BY MARKET SHARES, STRICTLY IN ACCORDANCE WITH PARAGRAPH 4 OF THE VOLUNTARY RESTRAINT AGREEMENTS. COSTA RICA HAS BENEFITTED IN PROPORTION TO ITS MARKET SHARE. MOREOVER COSTA RICAN OVERSHIPMENTS, IN RELATION TO ITS MARKET SHARE, WERE GREATER.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 042820

C. SUGGESTED CHANGE IN HISTORICAL FORMULA (PARA. 6). THE HISTORICAL PERFORMANCE FORMULA HAS BEEN CHANGED TWICE. IT WAS CHANGED IN 1970, WHEN PARTICIPANTS OTHER THAN AUSTRALIA, NEW ZEALAND AND MEXICO BECAME AGREEMENT SIGNATORIES. AND IT WAS CHANGED IN 1975, WHEN THE PROGRAM WAS REINTRODUCED AFTER A THREE YEAR BREAK. IN ADDITION TO REWARDING OVERSHIPMENT, TO CHANGE AGAIN AFTER ONLY ONE

YEAR, WITHOUT ANY INTERVENING PERIOD OF UNRESTRICTED TRADE, WOULD BE ARBITRARY AND DIFFICULT TO NEGOTIATE. TO CHANGE IN THE WAY SUGGESTED BY THE EMBASSY BENEFITS AUSTRALIA, NEW ZEALAND, COSTA RICA AND PANAMA AT THE EXPENSE OF SEVEN OTHER PARTICIPANTS.

D. COSTA RICAN OVERSHIPMENTS DO NOT JUSTIFY SPECIAL CONSIDERATION. ON THE CONTRARY, (PARA 7A) COSTA RICA SIGNED AN AGREEMENT TO LIMIT THE QUANTITY OF MEAT EXPORTED FROM COSTA RICA AND ENTERED FOR CONSUMPTION DURING THE CALENDAR YEAR 1975. COSTA RICAN SHIPMENTS WHICH LEFT COSTA RICA IN 1974 AND WERE ENTERED IN 1975 TOTALLED 1.7 MILLION POUNDS. COSTA RICAN OVERSHIPMENTS TOTALLED 6.3 MILLION POUNDS. U.S. LAW DICTATES OUR INTERPRETATION OF THE PHRASE

"ENTRY FOR CONSUMPTION."

(7B) COSTA RICAN OVERSHIPMENTS WERE 1/L THOSE OF AUSTRALIA. ITS MARKET SHARE IS LESS THAN 1/10 THAT OF AUSTRALIA. COSTA RICA OVERSHIPMENTS WERE 1/2 THOSE OF NEW ZEALAND. ITS MARKET SHARE IS SLIGHTLY MORE THAN 1/5 THAT OF NEW ZEALAND'S.

D. USE OF INTERMEDIARY COUNTRIES (PARA. 7C). WE ARE AWARE OF ONE INSTANCE WHEN THIS WAS TRIED. THE INSTANCE INVOLVED 5 MILLION POUNDS, COSTA RICA'S MARKET SHARE OF 5 MILLION POUNDS IS 250,000 POUNDS, I.E. IT IS DEMINIMIS. MUCH OF THE MEAT WAS REPROCESSED INTO NON-TARIFF CATEGORIES. THIS INCIDENT HAS CAUSED POLITICAL PROBLEMS IN THE COUNTRY WHERE IT TOOK PLACE. WE HAVE INSTITUTED A BAN ON TRANSSHIPMENTS FROM AUSTRALIA AND NEW ZEALAND. AS WE HAVE STATED ON FOUR PREVIOUS OCCASIONS, WE WOULD BE INTERESTED IN HEARING ANY FURTHER INFORMATION ABOUT ALLEGED TRANSSHIPMENTS OF MEAT FROM THOSE COUNTRIES. CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 042820

E. CANADA (PARA. 8). BECAUSE OF OUR HISTORICAL OPEN BORDER, WE HAVE NEVER HAD A VOLUNTARY RESTRAINT AGREEMENT WITH CANADA. WE RETURNED TO THAT OPEN BORDER STARTING JANUARY 1, 1976 AFTER A PERIOD OF MUTUAL QUOTAS ON MEAT AND LIVESTOCK. THERE ARE NO SPECIFIC RESTRAINTS ON IMPORTS OF CANADIAN MEAT. NEVERTHELESS, WE ARE STILL BOUND BY THE OVERALL REQUIREMENTS OF THE MEAT IMPORT ACT. THEREFORE, IN DESIGNING A MEAT IMPORT PROGRAM, WE MUST MAKE AN ESTIMATE OF HOW MUCH MEAT MARKET FORCES WILL CAUSE TO BE IMPORTED FROM CANADA. WE CANNOT DESIGN A PROGRAM BASED ON "NET IMPORTS" BECAUSE THE MEAT IMPORT ACT DOES NOT ALLOW IT.

F. "ROLL BACK." DEPARTMENT DOES NOT DESIGN PROGRAM

FROM SCRATCH. PROGRAM DETERMINED BY REQUIREMENTS IN
MEAT IMPORT ACT AND PRESIDENT'S DECISION. CUTBACK IN
IMPORTS FROM 1973-74 LEVELS WAS CAUSED BY REIMPOSITION
OF VOLUNTARY RESTRAINT SYSTEM. ALL COUNTRIES EXPERIENCED
PROPORTIONAL ROLLBACKS IN THE SHARES. MAW

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORT DATA, PROGRAMS (PROJECTS), MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE042820
Document Source: CORE
Document Unique ID: 00
Drafter: FMCELDOWNEY:JV
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760066-0513
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760226/aaaaawii.tel
Line Count: 174
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 SAN JOSE 778
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2004 by SmithRJ>; APPROVED <25 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COSTA RICAN MEAT EXPORTS
TAGS: ETRD, EPAP, CS, US
To: SAN JOSE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006